

Message Text

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ACTION XMB-04

INFO OCT-01 ARA-06 ISO-00 EB-07 CIAE-00 INR-07 NSAE-00

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R 092133Z AUG 76

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 4710

LIMITED OFFICIAL USE SAN JOSE 3875

E.O. 11652: N/A

TAGS: EFIN, CS

SUBJECT: PRICE ADJUSTMENT ON SAOPIM CONTRACT

REF: STATE 184560

1. EMBASSY HAS MADE DISCRETE INQUIRIES IN THE MINISTRY OF PUBLIC WORKS AND HAS LEARNED THE FOLLOWING ABOUT THE STATUS OF THE SAOPIM PRICE ADJUSTMENT FOR THE LIMON ROAD CONTRACT. FOLLOWING FAILURE OF THE COMPANY AND THE MINISTRY TO AGREE ON A SETTLEMENT, SAOPIM FILED A SUIT FOR COLONES 31 MILLION (\$3.6 MILLION). THE COURT HAS NOTIFIED THE MINISTER OF PUBLIC WORKS AND IS WAITING FOR HIM TO FILE HIS RESPONSE.

2. EMBASSY'S FHA REPRESENTATIVE UNDERSTANDS THAT SAOPIM HAS PAYMENT FOR ABOUT \$300,000 COMING TO IT FROM THE MINISTRY FOR WORK COMPLETED. THESE FUNDS ARE NOT PART OF THE AMOUNT IN DISPUTE. EXIM MIGHT WISH TO CONSIDER WHETHER IT WOULD BE DESIREABLE OR FEASIBLE TO ATTEMPT TO ATTACH THESE FUNDS AND HAVE THEM PAID DIRECTLY TO EXIM IN PARTIAL SETTLEMENT OF SAOPIM'S DEBT.

3. EXIM MIGHT ALSO WISH TO SEND ANOTHER CABLE TO THE MINISTRY OF PUBLIC WORKS SINCE NO REPLY WAS EVER RECEIVED TO ITS CABLE OF FEBRUARY 25. IF SO, THE EMBASSY SHOULD BE PROVIDED A COPY FOR FOLLOW-UP

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PURPOSES. EXIM MIGHT ALSO WISH TO PROVIDE A COPY TO

THE PRESIDENT OF THE CENTRAL BANK OF COSTA RICA IN
VIEW OF THAT INSTITUTION'S STRONG DESIRE TO MAINTAIN
GOOD CREDIT RELATIONS WITH THE EXIM BANK.

4. ALTHOUGH SAOPIM IS CONTROVERSIAL HERE DUE TO VARIOUS
UNRELATED SCANDALS, ITS DIFFICULTIES IN COLLECTING FOR
ALLEGED COST ESCALATIONS APPEAR NOT TO BE POLITICAL,
BUT TO BE BASED ON A RULING OF THE CONTROLARIA THAT
THE COMPANY WAIVED ITS RIGHT TO A COST ADJUSTMENT.
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Message Attributes

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Draft Date: 09 AUG 1976
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Disposition Approved on Date:
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Disposition Event:
Disposition History: n/a
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Margaret P. Grafeld
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